

Summary

Income Wealth and Expenditure Over Time (Feature Article)

INCOME, WEALTH AND EXPENDITURE OVER TIME

The Survey of Income and Housing (SIH) and the Household Expenditure Survey (HES) have been the pre-eminent source of household economic wellbeing statistics in Australia for over 20 years.

The SIH provides a detailed picture of Australians' income and housing costs as far back as 1994-95, and from 2003-04 for a full range of household wealth items.

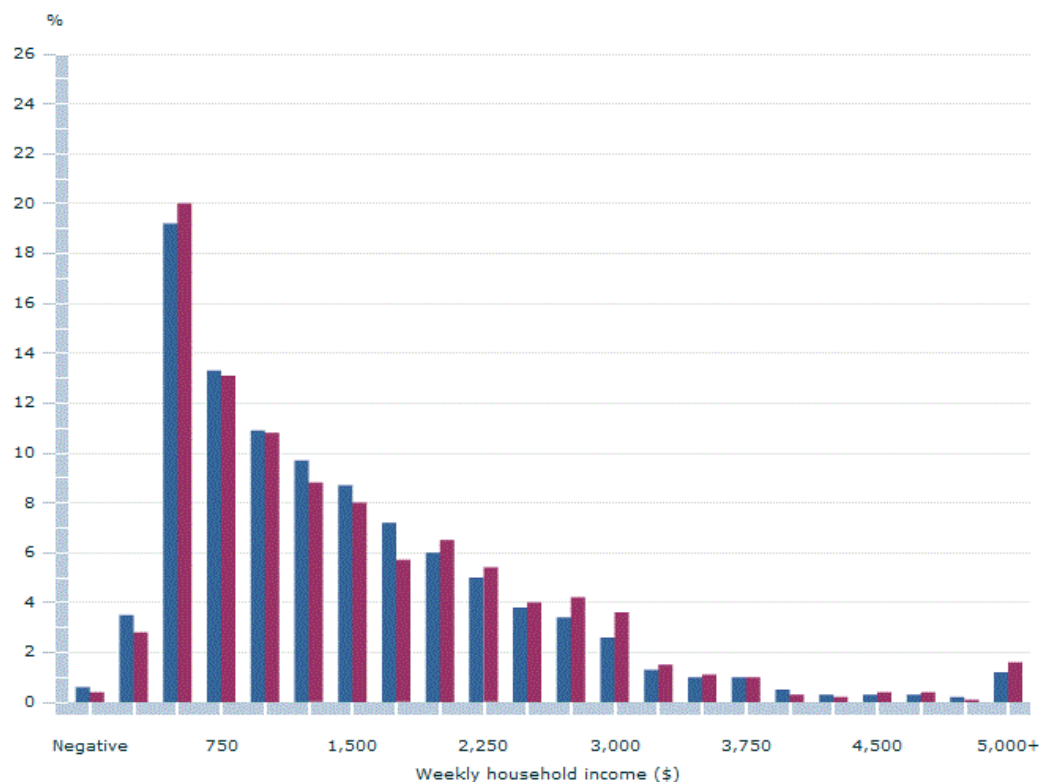
The HES provides an even longer term view, giving an insight on how Australians have changed the way they have spent their money since 1984.

INCOME, 1994-95 TO 2015-16

A full range of income data has been collected in SIH since 1994-95.

Graph 1 Distribution of gross household income by state, 1994-95(a) to 2015-16

1994-95



■ Australia ■ NSW

Select state

NSW

Controls

1994-95 1996-97 1999-00 2002-03 2005-06 2009-10 2013-14 2015-16



Play

Stop

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Full Screen

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Annotation(s): Labels on the x-axis refer to the top of each income bracket. The first income bracket includes households with negative income.

Footnote(s): (a) In 2015-16 dollars, adjusted using changes in the Consumer Price Index (b) In 2007-08 there was a change in income standards, see Explanatory Notes for more information.

Source(s): ABS Survey of Income and Housing

Among the states, Western Australia had the greatest increase in median weekly gross household income, rising from \$1,111 in 1994-95 to \$1,782 in 2015-16. Tasmania had the smallest increase in median weekly income, rising from \$950 in 1994-95 to \$1,209 in 2015-16.

The proportion of households with gross incomes less than \$1,000 per week (CPI adjusted) has decreased from 47.5% in 1994-95 to 31.7% in 2015-16. The Northern Territory had the largest decrease in the proportion of households with income less than \$1,000 per week, from 35.4% in 1994-95 to 13.6% in 2015-16. By comparison, Tasmania had the smallest decrease in the proportion of households with income less than \$1,000 per week, from 52.5% in 1994-95 to 41.7% in 2015-16.

In 2015-16, Tasmania had the largest proportion of households with gross incomes less than \$1,000 per week (41.7% of households).

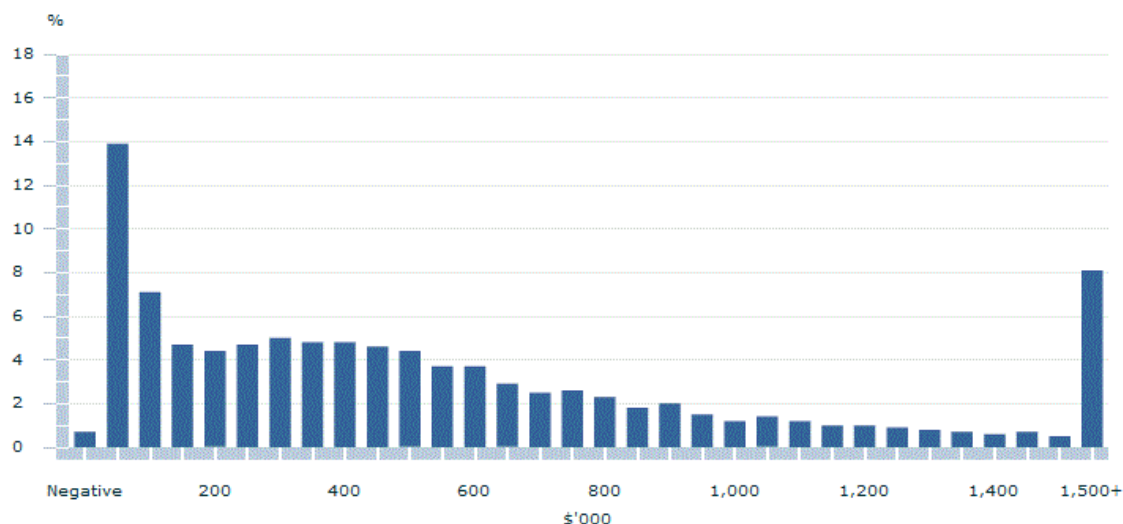
At the other end of the income scale, the proportion of Australian households with gross incomes of \$5,000 or more per week (CPI adjusted) has increased from 1.2% in 1994-95 to 5.7% in 2015-16. The Northern Territory had the largest increase since 1994-95 in the proportion of households in this range, rising to 9.4% in 2015-16, and is now the state or territory with the highest proportion of such households. Tasmania had the smallest increase in the proportion of households with income greater than \$5,000 per week, from 0.8% in 1994-95 to 1.2% in 2015-16.

HOUSEHOLD WEALTH OVER TIME

Wealth (or net worth) is the value of a household's assets less the value of its liabilities. Comprehensive information on household wealth has been collected in the SIH since 2003-04 (with the exception of 2007-08 where only the value of owner occupied dwellings was collected). Prior to 2003-04, only the value of owner-occupied dwellings and loans on those dwellings were collected in the SIH.

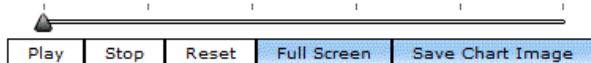
Graph 2 Distribution of household wealth, 2003-04(a) to 2015-16

2003-04



Controls

2003-04 2005-06 2009-10 2011-12 2013-14 2015-16



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Annotation(s): Labels on the x-axis refer to the top of each wealth bracket. The first wealth bracket includes households with negative wealth.

Footnote(s): (a) In 2015-16 dollars, adjusted using changes in the Consumer Price Index

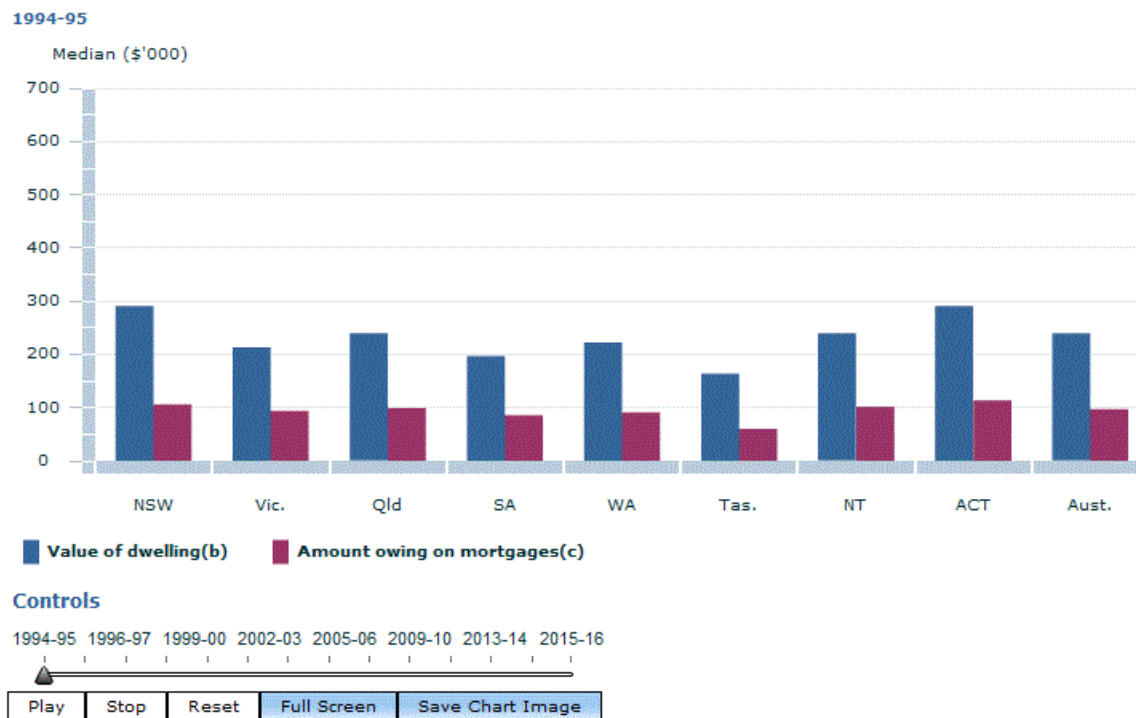
Source(s): ABS Survey of Income and Housing

The proportion of households with net worth less than \$100,000 (CPI adjusted) decreased from 21.7% in 2003-04 to

19.6% in 2015-16. The proportion of households with net worth more than \$1.5 million (CPI adjusted) nearly doubled, from 8.1% in 2003-04 to 15.8% in 2015-16.

The value of owner-occupied dwellings constitutes a large part of the net worth of Australian households. The median value of dwellings across Australia (CPI adjusted) more than doubled since 1994-95 (\$239,000) increasing 117% by 2015-16 (up to \$520,000).

Graph 3 Median value of dwelling & amount owing on mortgage by state, 1994-95(a) to 2015-16



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Footnote(s): (a) In 2015-16 dollars, adjusted using changes in the Consumer Price Index (b) Only includes owners without a mortgage and owners with a mortgage (c) Only includes owners with a mortgage. From 2003-04 excludes amounts of loans for business and investment purposes secured against the dwelling

Source(s): ABS Survey of Income and Housing

Between 1994-95 and 2015-16, the median values of dwellings (CPI adjusted) more than doubled in New South Wales, Victoria, South Australia, Western Australia and Northern Territory. Western Australia had the greatest relative increase in median dwelling value over this period (up 148% to \$550,000 in 2015-16), while Tasmania had the lowest median dwelling value in 2015-16 and also the second lowest relative increase (up 93% to \$320,000, behind Queensland, up 88% to \$450,000).

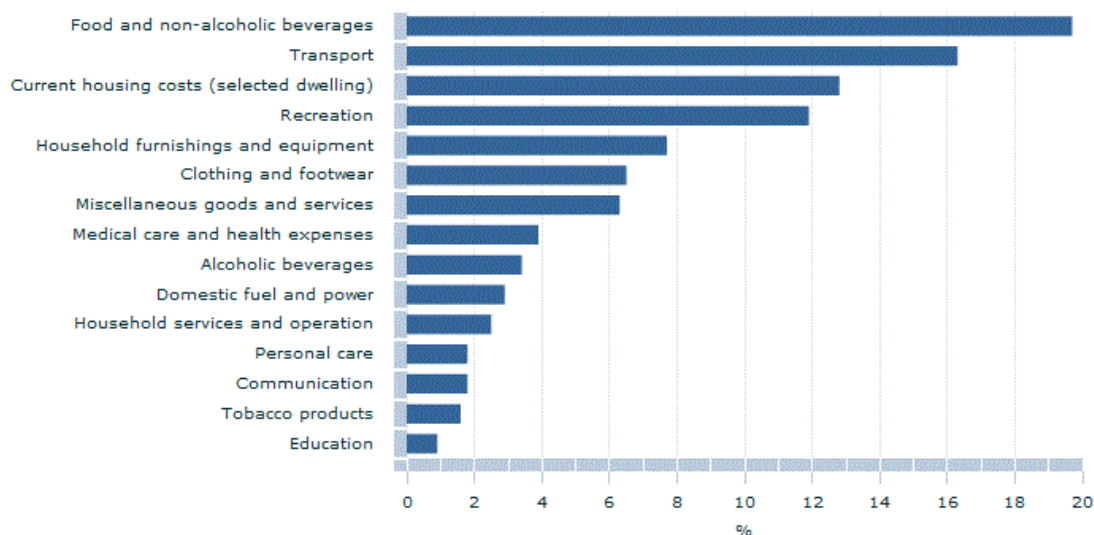
The median amount owing on mortgages for owner-occupiers with a mortgage across Australia has also more than doubled from 1994-95 to 2015-16, with an increase of 138% nationally (CPI adjusted). The Northern Territory had the greatest increase in the median amount owing on mortgage since 1994-95 up 246% to become the state or territory with the highest median mortgage in 2015-16 (\$350,000).

EXPENDITURE, 1984 TO 2015-16

Household expenditure across all goods and services has been collected in HES since 1984.

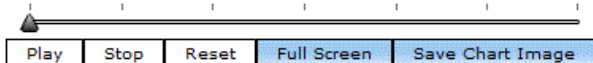
Graph 4 Percentage of household expenditure on goods & services, 1984 to 2015-16

1984



Controls

1984 1988-89 1993-94 1998-99 2003-04 2009-10 2015-16



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Source(s): ABS Household Expenditure Survey

Food and non-alcoholic beverages were the largest component of household expenditure in 1984, accounting for \$19.70 out of every \$100 spent on household goods and services. By 2015-16, the largest component of household expenditure was current housing costs, claiming \$19.60 of every \$100 spent.

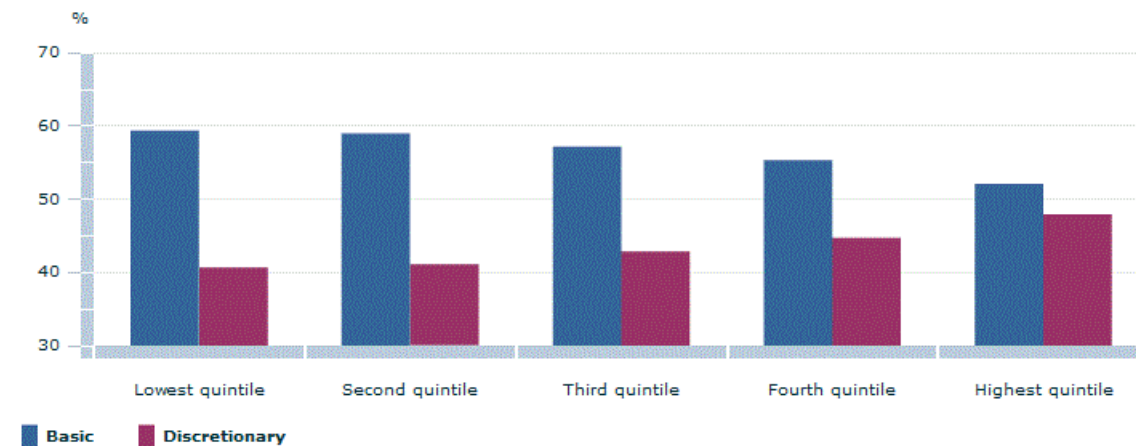
Housing costs had the largest actual increase in expenditure since 1984, where it represented \$12.80 of every \$100 spent by households. Household furnishings and equipment on the other hand had the largest decrease, falling from \$7.70 out of every \$100 spent in 1984, to \$4.10 from every \$100 spent in 2015-16.

In terms of relative changes, household expenditure on education more than tripled between 1984 and 2015-16, increasing from 90 cents out of every \$100 spent by households in 1984, to \$3.10 in 2015-16. By comparison, expenditure on clothing and footwear more than halved, falling from \$6.50 out of every \$100 spent by households in 1984 to \$3.10 of every \$100 spent in 2015-16.

Expenditure patterns based on level of income has changed over time, particularly when comparing basic and discretionary expenditure.

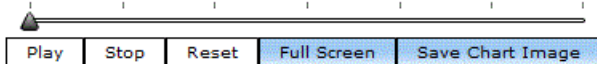
Graph 5 Percentage of basic & discretionary(a) goods & services expenditure by gross income quintile, 1984 to 2015-16

1984



Controls

1984 1988-89 1993-94 1998-99 2003-04 2009-10 2015-16



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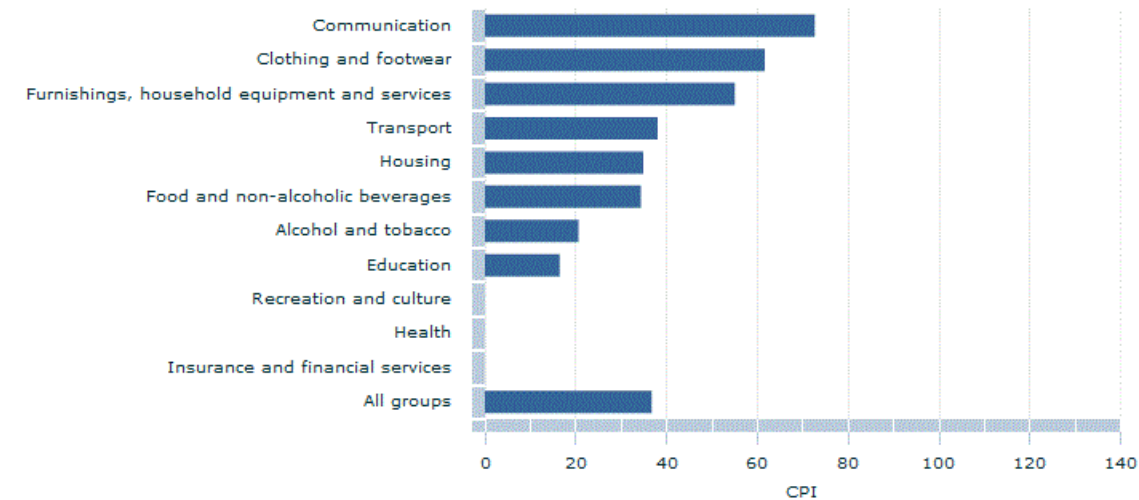
Footnote(s): (a) Basic goods and services expenditure is defined as current housing costs (selected dwelling), domestic fuel and power, food and non-alcoholic beverages, medical care and health expenses, and transport. Discretionary goods and services expenditure is defined as alcoholic beverages, tobacco products, clothing and footwear, household furnishings and equipment, household services and operation, communication, recreation, education, personal care, and miscellaneous goods and services.

Source(s): ABS Household Expenditure Survey

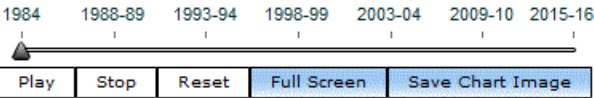
In 1984, expenditure on basic goods and services (housing costs, domestic fuel and power, food and non-alcoholic beverages, transport, and medical care) accounted for 59.4% of total goods and services expenditure for the lowest gross income quintile. The highest income quintile by comparison spent 52.1% on basic goods and services. This difference has become more pronounced over time, with the lowest quintile spending 64.9% on basic goods and services in 2015-16, compared with 55.7% for the highest income quintile.

Price plays an important role in determining household expenditure patterns. The following graph displays changes in broad groupings of the Consumer Price Index (CPI) between 1984 and 2015-16. Education and Alcohol and Tobacco are groups which have had the largest increase in index values since 1984, while Communication and Clothing and Footwear are groups which have increased the least.

Graph 6 CPI for selected goods & services, 1984 to 2015-16
1984



Controls



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Source(s): ABS June 2017 Consumer Price Index

DATA SOURCES

Data from the ABS Survey of Income and Housing (SIH) and the ABS Household Expenditure Survey (HES) have been used for this analysis.

Data from the 2015-16 SIH and HES are also published in 6530.0 Household Expenditure Survey, Australia: Summary of Results and 4130.0 Housing Occupancy and Costs

Data from the June 2017 Consumer Price Index published in 6401.0 have been used for this analysis.

TECHNICAL NOTE

Perturbation

Data for 2015-16 have been randomly adjusted (by perturbation) to avoid the release of confidential data. Discrepancies may occur between sums of the component items and totals. See Explanatory Notes for more information.